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TAGS: OREP ETRD PREL ECON PA
SUBJECT: CODEL ENGEL VISITS PARAGUAY

¶1. (SBU) SUMMARY: Congressman Engel (D-NY) led an eight-member, bipartisan delegation to Paraguay November 11-13 to strengthen commercial ties and affirm U.S. interest in Paraguay. Senate President Gonzalez Quintana opened the delegation's November 11 meeting with the Paraguayan Congress by affirming that the diverse Paraguayan Congress is committed to supporting the new Lugo government. Mr. Engel assured his Paraguayan counterparts of the U.S. desire to strengthen the long and deep friendship between the United States and Paraguay and to continue working together for our mutual benefit; Paraguay's congressional representatives responded enthusiastically to the Codel's message regarding closer relations and affirmed that they need U.S. assistance and support. President Lugo expressed gratitude November 11 to the Codel for the "great international solidarity" shown for Paraguay, including by President Bush in his October meeting with Lugo. Mr. Engel conveyed the delegation's warm feelings for Paraguay, desire for increased engagement, and interest in supporting Lugo's social justice agenda. Lugo explained the top six priorities for his administration are: land reform; judicial reform; strengthening institutions; a national emergency plan to deal with environmental, health, education and social issues; economic development; and control of natural resources. Lugo made the case for "fair trade, not free trade," with benefits for Paraguay. Congressman Engel's delegation, which was the largest U.S. congressional delegation to ever visit Paraguay, conveyed a strong message regarding U.S. interest in expanding commercial relations, and was warmly received by both the public and private sectors as well as covered by the national media. END SUMMARY.

ENGEL WITH PARAGUAY'S CONGRESS: THE US WANTS CLOSER RELATIONS

¶2. (SBU) Senate President Enrique Gonzalez Quintana opened Codel Engel's meeting with the Paraguayan Congress November 11 by telling them that the diverse Paraguayan Congress is committed to supporting the new Lugo government. "We're conscious of our responsibility to look for mechanisms to respect democracy and rule of law," he said. Gonzalez congratulated the delegation on the previous week's U.S. elections, and said Paraguay wants to follow the United States' democratic example.

¶3. (SBU) After introducing his delegation, which included Congressman Dan Burton (R-IN), Maxine Waters (D-CA), Maurice Hinchey (D-NY), Virginia Foxx (R-NC), Nydia Velazquez (D-NY), Lincoln Davis (D-TN), and Brad Miller (D-NC), Mr. Engel assured his Paraguayan counterparts of U.S. desire to strengthen the long and deep friendship between the United States and Paraguay and to continue working together for our mutual benefit. "It's not an accident that we're visiting Paraguay," Mr. Engel said, "we're here because this is a time of new opportunities." Engel conveyed his vision of increased engagement with Latin America under the Obama administration, which Congresswoman Velasquez reinforced in fluent Spanish. "If we neglect the region," Mr. Engel said, "we do so at our own peril." Paraguay's congressional representatives responded enthusiastically to the Codel's message regarding closer relations, and affirmed that they need U.S. assistance and support. They

pledged their continued commitment to fight contraband, narcotics trafficking, and terrorism, as well as to maintain strong relations with the United States.

ENGEL TO LUGO: I'LL INTRODUCE A TRADE BILL FOR PARAGUAY

¶4. (SBU) President Fernando Lugo, along with Foreign Minister Alejandro Hamed Franco and Chief of Staff Miguel Lopez Perito, received Codel Engel November 11 and conveyed gratitude for the "great international solidarity" shown for Paraguay, including by President Bush in his October meeting with Lugo. Lugo acknowledged the high expectations and curiosity regarding his administration, and assured the delegation that his government would be characterized by transparency, honesty, and concern for the poor. Lugo congratulated his visitors on the U.S. election and wished President-elect Obama "a natural, logical transition." Lugo mused that public service offers a way to serve our people and use our power to help them. "We have much to learn from the United States," he said, "and much to build. Our people deserve it."

¶5. (SBU) Congressman Engel conveyed the delegation's warm feelings for Paraguay, desire for increased engagement, and interest in supporting Lugo's social justice agenda. Congressman Engel also asked Paraguay to reconsider its position which blocks a waiver for U.S. trade preference programs in the WTO. A change in position, Engel said, would send a positive message regarding the bilateral relationship, and would help him in advocating for trade preferences for Paraguay. Engel said he was willing to introduce legislation in January to give Paraguay trade preferences, and that he would urge President-elect Obama to support his bill. In response to Lugo's question about how an Obama administration will conduct foreign policy, Congressmen Engel and Burton were hopeful that the United States would be more engaged in the region, but noted that President Obama's first challenge would be the U.S. economy.

¶6. (SBU) Lugo explained the top six priorities for his administration are: land reform; judicial reform; strengthening institutions; a national emergency plan to deal with environmental, health, education and social issues; economic development; and control of natural resources. Lugo said Paraguay's democratic institutions had been synonymous with the Colorado Party for over 60 years, and related his own personal difficulties in getting his teaching certificate because he was not a Colorado. On economic issues, Lugo expressed interest in strengthening small businesses and offering investors legal security. On energy, he mentioned the Itaipu Dam, which Paraguay shares with Brazil, stating that Paraguay uses only 5 percent of its share and "donates" the rest to Brazil. Lugo told the delegation that he sees himself as a protagonist for peaceful change. He said that during his campaign, he traveled the entire country and listened to the people. "The voice of the people is the voice of God," he said. Lugo said Paraguay could not relax when it comes to security, and promised to continue to fight terrorist financing and drug trafficking with U.S. assistance and support. Lugo told the delegation that he wants to clean up Paraguay's image. He alluded to the difficulties he is having in building consensus, and admitted there are no "magic formulas" to solve Paraguay's problems.

¶7. (SBU) Lugo made the case for "fair trade, not free trade," with benefits for Paraguay. He said his administration is still designing its foreign policy but that Paraguay supports regional integration. "Mercosur," he said, "has many faults." Lugo opined that Paraguay and Uruguay need to expand their presence in Mercosur, lamenting that Mercosur prevents Paraguay from signing independent trade agreements. Lugo promised his team would study the WTO situation and make a rational decision (septel).

¶8. (SBU) COMMENT: Congressman Engel's delegation, which was the largest U.S. congressional delegation to ever visit Paraguay, conveyed a strong message regarding U.S. interest in expanding commercial relations, and was warmly received by both the public and private sectors. The delegation's meeting with President Lugo served to bring Paraguay's position in the WTO to Lugo's attention in order to ensure the "buy-in" necessary to move the issue forward. END COMMENT.

The delegation did not have an opportunity to clear this message before departing post.

AYALDE